



United States Department of the Interior

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To: All Employees

From: DSD, Support Services

Subject: Flexible Spending Accounts Open Season - November 8 to December 13, 2004

The Flexible Spending Account (FSA) open season begins Monday, November 8 and will end on December 13, 2004. During this open enrollment period eligible employees may make an election and receive reimbursements for expenses incurred during the 2005 Plan Year.

What are flexible spending accounts? They are accounts established that allow eligible employees to set aside pre-tax money to pay for certain kinds of expenses. With an FSA, you can reduce your taxes while paying for services you would have to pay for anyway. FedFlex provides two FSAs, a **Health Care FSA (HCFSA)** and a **Dependent Care FSA (DCFSA)**. Enrollment is voluntary no government monies will be used to fund this program.

Who is eligible to enroll in the program? Employees eligible for Federal health benefits (even if not currently enrolled) will be able to elect a healthcare FSA to cover expenses not covered under their FEHB plan or any other insurance. All employees with qualified dependents may elect to enroll in the dependent care FSA except temporary employees with no fixed work schedule whose tour of duty is six months or less.

A **Health Care FSA** pays for qualified medical expenses that are not covered or reimbursed by insurance. Insurance premiums, including premiums for long term care insurance, are not qualified medical expenses. Some examples include dental services, vision services, chiropractic care and over-the-counter medications. Health insurance deductibles, co-payments, and coinsurance not reimbursed by another source are other examples. Employees may elect a minimum annual amount of \$250 and the maximum annual amount of \$4,000.

A **Dependent Care FSA** allows participants to be reimbursed on a pre-tax basis for child care or adult dependent care expenses that are necessary to allow the employee and his/her spouse to work, look for work, or attend school full-time. A qualifying adult is a parent or a sibling, who

is physically or mentally incapable of caring for him or herself and is claimed as a dependent on your income tax return. The DCFSA minimum annual amount is \$250 and the maximum annual amount is \$5,000.

How do I enroll? Eligible employees who wish to enroll during this Open Season may do so in one of two ways:

- Through the website at www.fsafeds.com by clicking on the “Enroll” link; or
- By calling an FSAFEDS benefits counselor at 1-877-372-3337 (TTY 1-800-952-0450), Monday through Friday from 9:00am to 9:00pm EST.

Effective Date of Open Season Enrollments: Timely open season enrollments are effective on January 1, 2005, for the Plan Year that runs from January 1 through December 31, 2005.

Participation in FSA is not automatic. Employees must make a new election each year. The elections are irrevocable once the plan year has begun, unless the employee experiences a qualifying life event. These include change in marital status, change in number of dependents and change in employment status that affects your eligibility for benefits. The contractor will be responsible for determining if a life event has occurred.

To be eligible for reimbursement under an FSA, the expense must be incurred during the plan year. If an employee does not incur eligible expenses during the plan year, which equal the annual amount they have contributed to their FSAs, they will lose the balance remaining in their account(s) when the plan year ends. There is a 120-day time period for filing a claim for reimbursement for Eligible Health Care Expenses following the end of the plan year and a 90-day time period for filing a claim for reimbursement of Eligible Dependent Care Expenses. Any unclaimed allotments after this time period will be forfeited.

Visit the FSAFEDS website at www.FSAFEDS.com to obtain detailed information regarding the FSAFEDS program.

FSAs and HSAs/HRAs/HDHPs

This open season a new option under the FEHB program has been introduced – the High Deductible Health Plans (HDHP) with either a Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA). Employees who enroll in an HDHP with an HSA cannot participate in an HCFSA under FSAFEDS, but may participate in a DCFSA if they are otherwise eligible for such account. More information on these new options can be found on OPM’s website at www.opm.gov/hsa.

If you have any questions regarding this bulletin, please contact Angie Dailly in the Human Resources staff at (916) 978-4476.

Signed
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